

DOCKET SECTION
BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

Postal Rate and Fee Changes, 1997

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POSTAL RATE COMMISSION
OFFICE OF SECRETARY

**NEWSPAPER ASSOCIATION OF AMERICA
INTERROGATORIES TO
VAL-PAK/CAROL WRIGHT WITNESS
JOHN HALDI (NAA/VP/CW-T1-1-7)
January 20, 1998**

The Newspaper Association of America hereby submits the attached interrogatories to Val-Pak/Carol Wright witness John Haldi (VP/CW-T-1) and respectfully requests a timely and full response under oath.

Respectfully submitted,

NEWSPAPER ASSOCIATION OF AMERICA

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CERTIFICATE OF SERVICE

I hereby certify that I have this date served the instant document on all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

January 20, 1998


William B. Baker

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NAA/VP/CW-T1-1. Please refer to page 6, lines 19-21 of your direct testimony where you state that the Postal Service has encouraged VPDMS to delivery point barcode all of its mail.

- a. Why has the Postal Service encouraged VPDMS to delivery point barcode its mail?
- b. Is there any advantage to VPDMS in complying with the Postal Service's request to delivery point barcode the mail? If yes, please explain the advantage to VPDMS.

NAA/VP/CW-T1-2. Please refer to page 8, lines 9-12. Please provide the following information on the 300 million pieces that Carol Wright/Cox Direct mailed in 1996. (If precise data are not available, estimates will be sufficient.)

- a. What percentage of these pieces were dropshipped to the BMC? to the SCF? and to the DDU?
- b. What percentage of these pieces were entered at the saturation rate within Standard A ECR?
- c. What percentage of these pieces were entered at the high density rate within Standard A ECR?
- d. What percentage of these pieces were entered at letter rates?
- e. What percentage of these pieces weighed in excess of the breakpoint of 3.3 ounces?

NAA/VP/CW-T1-3. Please refer to Table 4 at page 27. Please confirm that automation letters have the highest margins on a "cents per piece" basis. If you cannot confirm this statement, please explain why.

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NAA/VP/CW-T1-4. Please refer to page 34, lines 5-8 and lines 13-17 of your direct testimony. In your opinion, does the "relatively high" availability of alternatives for Standard A ECR mail indicate whether a higher or lower cost coverage than that proposed is appropriate? Please explain your response.

NAA/VP/CW-T1-5. Please refer to page 47, lines 6-10. Given the higher implicit markup on letters compared to nonletters shown in Table 3 at page 25, please explain why you designed rates so that "no revenue burden is shifted from letters to nonletters, or vice-versa."

NAA/VP/CW-T1-6. Please confirm that if rates are set on a "bottom up" basis with an equal contribution per piece, these rates will equal rates set on a "top down" basis, assuming 100 percent passthrough of all cost savings in the presort and dropship discounts. If you cannot confirm this statement, please provide a numeric example illustrating the difference in "bottom up" rates and "top down" rates.

NAA/VP/CW-T1-7. Please refer to Column [1] of Table A-1 at page A-6.

- a. Please confirm that the figures in this column are derived by Postal Service Witness Daniel (USPS-T-29) based on the total costs for walk-sequenced and non-walk sequenced mail computed in Library Reference H-109 (also submitted by the Postal Service as Exhibit USPS-44A).
- b. Did you examine the data in Library Reference H-109 to determine whether these cost data are reliable? If so, please describe your examination and provide the results of any such examination.
- c. Did you examine the data in Library Reference H-109 to determine whether the cost data are applicable to the test year in this rate proceeding? If so, please describe your examination and provide the results of any such examination.

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- d. Is it your understanding that the cost data in Library Reference H-109 are based on an analysis of the IOCS data for the base year? If no, please describe your understanding of the basis for the cost data in Library Reference H-109.
- e. In Appendix D of your testimony you discuss the difficulties encountered in using IOCS data to measure the effect of weight upon costs. For example, you note the fact that IOCS data do not control for other cost causing characteristics (page D-8) and you state that the data "suffer" from significant variability due to small sample sizes (page D-9). Have you examined the cost data in Library Reference H-109 to determine whether these same or similar difficulties exist. If yes, please describe your examination and provide the results of any such examination.
- f. If the unit mail processing cost data in Column [1] of Table A-1 prove to be inaccurate, unreliable or not relevant for the test year, would you recommend that the Commission revise your recommended rate schedule? If no, please explain why not. If yes, please explain how the Commission should revise your recommended rate schedule for Standard A ECR mail.